DRAFT

Refer to:
MB: JG
132KS

Janet Schalansky, Secretary
Kansas Department of Social and Rehabilitation Services
915 SW Harrison Street
Topeka, Kansas 66612

Dear Ms. Schalansky:

I am pleased to inform you that the Health Care Financing Administration (HCFA) is approving Kansas' request for renewal of its Managed Care Program authorized under section 1915(b)(1), (2), and (4) of the Social Security Act (the Act). Specifically, this approval provides for a waiver of the following sections of the Act: 1902(a)(1) Statewideness, 1902(a)(10)(B) Comparability of Services, and 1902(a)(23) Freedom of Choice in order to permit Kansas to continue to operate its managed care program. The Kansas managed care waiver renewal is approved for the counties and programmatic structure it is currently operating (105 counties for HealthConnect Kansas and 62 counties for PrimeCare Kansas) and covers a period of 2 years, from October 5, 2000 through October 4, 2002.

The decision to approve the waiver renewal is based on evidence submitted to HCFA demonstrating that the State's proposal is consistent with the purpose of the Medicaid Program and will meet all statutory and regulatory requirements for assuring beneficiaries access to care, quality of services, and waiver cost-effectiveness for section 1915(b) waiver programs, and will not restrict family planning or emergency services.

Please note that waiver approval is contingent on the following conditions:

1) Immunization rates for the previous and current waiver periods were not included in the renewal request package. It is necessary for the State to calculate Title XIX specific immunization rates by January 1, 2001 and submit them to HCFA's Kansas City Regional Office (RO).

2) The HCFA 416 report for Federal fiscal year 1999 was 67.24%. The State should continue its efforts in developing a plan to improve managed care specific immunization and Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services. The State should submit the EPSDT plan to the HCFA RO by January 1, 2001.

3) The State must modify enrollment materials to explain how enrollees may disenroll without cause during the first 90 days of each enrollment period without cause by January 1, 2001.

4) The State will create and submit a corrective action plan to the HCFA RO to address the high default assignment rate. The State should submit a plan including specific outreach activities and actions that will increase the enrollment choice rate by January 1, 2001.

5) The State will comprehensively identify, or require the Managed Care Organization (MCO) to comprehensively identify, the number of children enrolled in the MCO who are in category 5 of the BBA definition of Children with Special Health Care Needs (CSHCN). These children may be identified either through aid code analysis, or, if necessary, through manual review. The State will submit these data to HCFA on an annual basis.

6) With respect to quality of care, the State will conduct a study or survey which will stratify its analyses such that outcomes for children in category 5 of the BBA definition of CSHCN enrolled in the MCO are discussed and assessed. This information will be due to HCFA two years from the approval date of this letter.

7) The State will review complaints and grievances and track those cases involving children identified in category 5 of the BBA definition of CSHCN enrolled in the MCO. (A manual review is acceptable.) On an annual basis, the State will report to HCFA the number of complaints and grievances for this group, and submit an analysis of the type and number of complaints and grievances filed, and information regarding their resolution.

8) The State will submit to HCFA on an annual basis the number of children identified in category 5 of the BBA definition of CSHCN who voluntarily disenroll from managed care into the primary care case management (PCCM) program.

9) When calculating cost effectiveness and developing the UPL, the State needs to use the most recent State historical FFS base year costs with appropriate adjustments made for each service category. Adjustments to FFS historical trend rates can include changes in utilization, prices, third party liability, and fiscal impact. (Please see section 2108(A)(1)(b) and Exhibit 2, Step 3 in section 2108 of the State Medicaid Manual for further information.) The State needs to document the rationale for all adjustments made to base year costs. HCFA Regional Office staff are willing to provide the State with technical assistance in cost effectiveness methodology.

The decision to approve the waiver renewal is based on the State's proposal being consistent with the purpose of the Medicaid Program and meeting all statutory and regulatory requirements for assuring beneficiaries access to care, quality of services, and waiver cost-effectiveness for section 1915(b) waiver programs.

Unless significant problems are identified in the future, the State will not be required to arrange for an independent assessment in its next renewal request. However, the State will continue to be responsible for documenting the cost effectiveness, access and quality factors in subsequent renewal requests.

If you have any questions regarding this action, please contact Brenda Jackson or Jackie Glaze of the Kansas City Regional Office, Division of Medicaid and State Operations, at (816) 426-3406. I wish you much success in your continuing activities in this area.

Sincerely,

Mike Fiore, Director
Division of Integrated Health Systems

cc: Robert M. Day, Ph.D.
James G. Scott, HCFA Kansas City